Supreme Court, U. S.
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IN THE

# Supreme Court of the United States

October Term, 1976

No. 76-1697

MACDERMID INCORPORATED,

*Petitioner,*

*vs.*

SOUTHERN CALIFORNIA CHEMICAL CO., INC.,

*Respondent.*

## RESPONDENT'S BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI.

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## RESPONDENT'S BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI.

### Statement of the Case.

**The Nature of the Case.**

Petitioner seeks a review of the unanimous decision by the Court of Appeals affirming the judgment of the District Court, which, after a full and complete trial, invalidated the Laue patent under 35 U.S.C. § 102(b) because the alleged invention was on sale and in public use in this country more than one year before the filing date of the application for the patent.

On petition for rehearing *en banc*, the full court for the Ninth Circuit was advised of the *en banc* suggestion, and no judge of the court requested a vote on it (1a)*.

*Page 1a of appendix to petitioner's brief.

The express purpose of 35 U.S.C. § 102(b) is to prevent extension of the patent monopoly beyond that permitted by the patent laws by requiring the patentee to file a timely application so the patent period might commence to run without undue delay. *Cataphote Corp. v. DeSoto Chemical Coatings, Inc.*, 356 F.2d 24, 25 (9 Cir. 1966). Congress manifested public concern about such undue delay by decreasing the grace period for filing a patent application from two years to one year (August 5, 1939, c. 450, § 1, 53 Stat. 1212).

**Factual Background.**

More than one year before the filing date of the Laue patent application, petitioner sold or offered to sell the patented solution to National Cash Register, Steel Products Engineering Co. (SPECO), IBM, Academy Plating Co., Eaton Mfg. Co., R&S Plating, and Metropolitan Specialties (Findings of Fact 9-26; 18a-22a)*. In none of those transactions did the trial court find that the use, sale or offering was made primarily for experimental purpose. Accordingly, the trial court properly held the Laue patent invalid under 35 U.S.C. § 102(b), following the rules set forth in *Cataphote Corp. v. DeSoto Chemical Coatings, Inc.*, 356 F.2d 24 (9 Cir. 1966), cert. den. 385 U.S. 832 (1966); *Robbins Co. v. Lawrence Mfg. Co.*, 482 F.2d 426 (9 Cir. 1973); and *In re Yarn Processing Patent Validity Litigation*, 498 F.2d 271 (5 Cir. 1974),

*References herein to Findings of Fact by the District Court are to the particular finding and the pertinent page of the appendix accompanying petitioner's brief. References to the Court of Appeals are to the appendix page only.



cert. den. sub nom. *Sauquoit Fibers Co., Inc. v. Leesona Corp.*, 419 U.S. 1057 (1974).

Petitioner offered no persuasive evidence at trial that any of the transactions referred to above were made for experimental use. To the contrary, the evidence was overwhelming that petitioner sold and offered to sell the patented solution without restriction. Petitioner's offers and deliveries of the patented solution to petitioner's various customers before the critical date of the Laue patent application placed the solution beyond petitioner's control. Those transactions were primarily, if not solely, for the purpose of persuading customers to buy the product, and not for any experimental purpose in developing or improving the product (Finding of Fact 8 (17a)).

In short, petitioner did not offer any persuasive evidence at trial that the petitioner's transactions with its customers fell within the experimental exception to 35 U.S.C. § 102(b).

## REASONS FOR DENYING THE PETITION.

### The Result in This Case Would Be the Same on Independent Grounds Separate From the Alleged Conflicts Asserted by Petitioner.

The alleged conflict which the petitioner asserts exists between the Ninth and Fifth Circuits because of the *Robbins* (482 F.2d 426) and the *In re Yarn* (498 F.2d 271) decisions is immaterial to the present case.

In *Robbins*, the Ninth Circuit directed the trial court to enter summary judgment that the patent in suit was invalid under 35 U.S.C. § 102(b) because of a prior unconditional sale. The appellate court ruled that the experimental use exception to 35 U.S.C. § 102(b) did not apply unless the sale or offering for sale included at least a clearly implied condition of experimentation (482 F.2d 434). The patentee did not raise a genuine issue of material fact to show that the sale:

1. Was conditional, *i.e.*, reserved to the patentee the right to experiment, substitute, or supervise with respect to the patented product;
2. Required secrecy or reporting; or
3. Was of an incomplete device.

Under these circumstances the Ninth Circuit decided there was no way in which the patentee could meet the burden of showing that the sale was primarily for experimental purposes.

In the *In re Yarn* case, the Fifth Circuit reversed the trial court summary judgment of patent invalidity under 35 U.S.C. § 102(b) because the appellate court found there were genuine issues of material fact which precluded summary judgment, and because the trial court may have confused "reduction to practice" with



the end of possible experimental use (498 F.2d 280). There, the inventors operated the patented machine in secret, and representatives of the licensee signed agreements to keep the machine secret (498 F.2d 274; 360 F.Supp. 100). Even under the *Robbins* rule, which stated that if the contract or offer of sale "required that the invention should be kept confidential or from public view" (482 F.2d 433) "the sale or offering would not ipso facto invalidate the patent nor preclude further inquiry into the experimental nature of the use . . ." (482 F.2d 433), the *In re Yarn* decision would be the same. Moreover, the Fifth Circuit's statement that it declined to adopt the rule stated in *Robbins* was not necessary to the decision, and therefore is merely dicta. Thus, the alleged conflict between *Robbins* and *In re Yarn* is more a matter of semantics than substance.

In any event, the unanimous decision by the Court of Appeals affirming the judgment of the District Court in the present case would stand even if the *Robbins* case had not been a precedent in the Ninth Circuit. The petitioner had every opportunity at trial to introduce evidence of a bona fide experimental intent in connection with the transactions on which the District Court and Court of Appeals decided that the patent in suit was barred by 35 U.S.C. § 102(b). The petition does not contend otherwise. The petition (p. 5) does refer vaguely to "a considerable body of evidence" offered to demonstrate experimentation, but the petition does not refer to any example of such evidence.

Even after a complete trial, the best evidence on which petitioner could rely in support of its argument that the transactions were for an experimental purpose was the use of the letter "X" on the product. This

contention failed both at trial and on appeal. As noted by the Court of Appeals, one of plaintiff's customers testified that he did not know what the "X" stood for, and did not consider it as designating an experimental product (9a).

Petitioner's reliance on *City of Elizabeth v. American Nicholson Paving Co.*, 97 U.S. 126 (1887) is misplaced. Nicholson's six-year test (at his own expense) of the wooden pavement on a street subject to heavy public travel was the only way he could demonstrate that his pavement had durability, a quality essential to the invention (but not to the present petitioner's patented Laue solution). It was also Nicholson's first and only experiment. During the test, Nicholson did not:

1. Extol the virtues of the product to prospective customers;*
2. Offer it for sale;*
3. Supply it to salesmen to offer to prospective customers at a stated price;*
4. Allow others to use it;* or
5. Let it go beyond his control, or do anything that indicated any intent to do so* (97 U.S. 126, 136).

Petitioner, on the other hand, demonstrated to its own satisfaction that the patented Laue solution would do the intended job, and then set out to get what business it could by shipping, invoicing and pricing the solution to its customers and prospective customers

*Compare with Findings of Fact 14 and 15 (19a); 22 (21a); and 26 (22a).



without any restriction on how it could be used (Findings of Fact 9-15 (18a, 19a)).

Petitioner's offers and deliveries of the patented solution to various customers before the critical date of the Laue patent application placed the solution beyond petitioner's control, and were primarily, if not solely, for the purpose of persuading customers to buy the product (Finding of Fact 22 (21a)).

Petitioner's unconditional transfer of the solutions to its customers could not qualify as an experimental exception to § 102(b) even under *City of Elizabeth*, on which petitioner relies, where the Court said:

> "The use of an invention by the inventor himself, or of any other person *under his direction, by way of experiment*, and in order *to bring the invention to perfection*, has never been regarded as such a use" (97 U.S. 126, 134) (emphasis added).

The solutions the petitioner delivered unconditionally to its customers were not used:

1. Under petitioner's direction;
2. By way of experiment; and
3. To perfect the invention (Finding of Fact 22 (21a)).

The trial and appellate courts in the present case properly followed the logic in *Egbert v. Lippmann*, 104 U.S. 333 (1881). There, the Court stated at page 336:

> "If an inventor, having made his device, gives or sells it to another to be used by the donee or vendee, without limitation or restriction, or

> injunction of secrecy, and it is so used, such use is public, within the meaning of the statute, even though the use and knowledge of the use may be confined to one person."

In the same case, referring to the corset "steels" the inventor gave to his friend, who wore them in her corset for a long time, the Court said at page 337:

> "She might have exhibited them to any person she pleased, or might have made other steels of the same kind, and used or sold them without violation of any condition or restriction imposed on her by the inventor."

The courts below found the same thing with respect to the patented X-381 Laue solution petitioner offered, gave and sold to its customers (Finding of Fact 22 (21a)).

**Conclusion.**

MacDermid's petition merely seeks a review of a factual matter, namely, whether MacDermid's sales activities were of sufficient experimental nature to qualify as an exception to 35 U.S.C. § 102(b). Since review of a factual matter would be important only to the litigants, the petition should be denied.

Pasadena, California,
June 27, 1977.

Respectfully submitted,

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